
Program Memorandum Intermediaries

Department of Health and
Human Services (DHHS)
HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

Transmittal A-01-03

Date: January 12, 2001

CHANGE REQUEST 1437

SUBJECT: Temporary Two-Month Extension of Periodic Interim Payments for Home Health Providers

The Home Health Prospective Payment System (HH PPS) became effective on 10/1/2000 under §4603 of the Balanced Budget Act of 1997 (BBA 97). That section also repealed home health Periodic Interim Payment (PIP) under HH PPS. In the transition to HH PPS, home health providers receiving PIP under §1815(e)(2) as of September 30, 2000, continued to receive PIP through October 2000 for services rendered in September.

Under recently enacted legislation, §503 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA), home health providers that were PIP providers in September 2000 should receive an additional PIP payment equal to four times the last full fortnightly PIP payment made to the agency, unless:

1. The agency indicates to the Secretary that it does not want to receive any such PIP payment;
2. The agency is not receiving payments, pursuant to §405.371 of Title 42, Code of Federal Regulations (§405.371 authorizes 100% suspension or recoupment of payments under certain circumstances);
3. The agency is excluded from the Medicare program under Title XI of the Social Security Act;
4. The agency no longer has a provider agreement under §1866 of such Act (42 U.S.C. 1395cc);
5. The agency is no longer in business; or
6. The agency is subject to a court order providing for the withholding of Medicare payments under Title XVIII of such Act.

Regional Home Health Intermediaries (RHHIs) should make payment to such agencies in accordance with this direction as soon as practicable, but no later than January 31, 2001.

If a home health agency has an extended repayment plan in effect and they are making timely payments, the PIP should be made under the above instruction. However, if there is an overpayment outstanding without a repayment plan in place or the provider has defaulted on an extended repayment plan, the PIP should be reduced or withheld. This assumes that payment is being made to the provider; issue no PIP if the provider is under 100% suspension or recoupment (see No. 2 above). If, for example, the overpayment is \$50,000 and there is no extended repayment plan in place and the proposed PIP is \$100,000, pay \$50,000. In the same example, if the overpayment is \$200,000, make no payment but reduce the indebtedness by \$100,000.

These payments supplement what RHHIs are already paying home health providers. Home health providers that receive (or are credited) these additional PIPs must add these payments to their cost reports, reflecting their final period including cost-based payments, that end September 30, 2000, or later.

NOTE: Include the full amount of the PIP in the cost report even if some or all of it was applied to reduce or recover overpayments as described in the above examples. Intermediaries that process these cost reports must be sure that the tentative settlements of these cost reports reflect the proper payments, and that any resulting overpayment should be recovered at that settlement according to normal cost reporting settlement procedures. The tentative settlements must be completed within 60 days of receipt of the cost report.

The *effective date* for this Program Memorandum (PM) is December 21, 2000.

The *implementation date* for this PM is no later than January 31, /2001.

These instructions should be implemented within your current operating budget.

This PM may be discarded July 1, 2001.

If you have any questions, contact Randy Thronset, (410) 786-0131